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TAGS: KNNP MNUC IR IAEA GM AORC

SUBJECT: IRAN: GERMANY RECEPTIVE ON IAEA/BOARD OF GOVERNORS

REF: A. STATE 124823

1B. BERLIN 1671

Classified By: Political Minister-Counselor John K. Bauman for reasons 1.4 (b) and (d).

11. (C) Ambassador Timken delivered Ref (A) demarche September 7 to Foreign Office State Secretary Reinhard Silberberg. (Foreign Minister Steinmeier is traveling and was unavailable.) Silberberg said Germany agreed with the U.S. position; the "Plan of Action" might be useful in clearing up some historical issues, but it did not address the fundamental question of Iran's enrichment program. The Ambassador asked for Germany's help -- particularly, outreach by the Foreign Minister to IAEA DG ElBaradei and key Board of Governors members in advance of the Board meeting. Silberberg noted that Steinmeier was meeting with his EU counterparts September 7-8 in Portugal, and that Iran would be a topic of discussion there.

12. (C) Silberberg told the Ambassador he had met September 6 with Iranian Deputy Foreign Minister Jalili in Berlin. According to Silberberg, Jalili tried to convince the Germans that the IAEA "Plan of Action" justified halting all action on Iran's nuclear program in the UNSC. Silberberg said he had rejected this view, telling Jalili that the UNSC's authority was at stake and that the P5 1 shared the goal of preventing a nuclear-armed Iran. Given the mistrust of the P5 1 toward Iran, there was no way to retreat from the demand for a suspension of enrichment-related activities. Jalili reportedly told Silberberg that, if there were a third UNSC Resolution, Iran would immediately stop all cooperation with the IAEA. He said the Iranians had complained about Russian attitudes toward Bushehr as well.

13. (C) Silberberg said Germany saw timing as a key factor. Keeping the P5 1 together was a top priority, and Silberberg said Berlin had a hard time predicting when Russia would be ready to talk seriously about a third UNSCR. Russian Deputy Foreign Minister Denisov would be in Berlin next week, and Silberberg planned to discuss Iran with him. He would not speculate on timelines, but Silberberg said that, if another UNSCR were impossible, unilateral sanctions by the EU would be an option, albeit "a second-best solution."

14. (C) The Ambassador asked for Silberberg's assessment of the effectiveness of sanctions. Silberberg said sanctions did have an effect, which was due more to the "informal" sanctions such as declining activity by German banks in Iran than to UNSC sanction. Commerce between Germany and Iran was decreasing, and there was grumbling in the Iranian commercial community, but this had not yet had an effect on the regime. Silberberg also noted that Germany observed the Chinese moving in to fill the gap left by declining German economic

involvement; Germany therefore preferred sanctions that affected all countries equally.

TIMKEN JR